

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 OES-03

XMB-02 GSA-01 /097 R

DRAFTED BY ARA/BC/B:RSPACE:EO

APPROVED BY ARA:HARYAN

ARA/BC:JEKARKASHIAN

EB/ORF/ICD/ISM:WPOLIK (DRAFT)

ARA/ECP:SFOUTS (DRAFT)

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R 191926Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

C O N F I D E N T I A L STATE 170862

E.O. 11652: GDS

TAGS: PFOR, BL, US

SUBJECT: AMBASSADOR CAPRILES CALL ON DEPARTMENT

SUMMARY: AMBASSADOR CAPRILES, ACCOMPANIED BY DCM ARNAL AND FIRST SECRETARY FERNANDEZ, CALLED ON ARA/BC COUNTRY DIRECTOR KARKASHIAN AND BOLIVIA DESK OFFICER PACE JULY 17. DURING LENGTHY DISCUSSION, CAPRILES COMMENTED ON PROSPECTS FOR BOLIVIA'S EFFORTS TO OBTAIN OUTLET TO THE SEA AND VARIOUS ISSUES OF CONTINUING CONCERN IN U.S.-BOLIVIAN RELATIONS. END SUMMARY.

1. AMBASSADOR CAPRILES REQUESTED JULY 17 MEETING WITH ARA/BC TO DISCUSS A NUMBER OF PENDING BILATERAL ISSUES.

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CAPRILES ALSO TOOK ADVANTAGE OF MEETING TO INFORM DEPTOFFS

OF HIS CONCERN OVER STATUS OF BOLIVIA'S EFFORTS TO SECURE AN OUTLET TO THE SEA. NOTING THAT DISSATISFACTION IS INCREASING WITHIN BOLIVIA OVER THE LACK OF POSITIVE RESULTS FROM THE GOB'S YEAR-OLD CAMPAIGN OVER THE OUTLET-TO-THE-SEA ISSUE, CAPRILES STATED THAT FURTHER DELAY IS LIKELY TO STIR UP LATENT ANTI-CHILEAN SENTIMENTS AMONG BOLIVIANS. CAPRILES INDICATED THAT SUCH A TREND MIGHT EVENTUALLY FORCE THE BANZER GOVERNMENT TO REEVALUATE DIPLOMATIC RELATIONS WITH THE PRESENT GOC. IN RESPONSE, COUNTRY DIRECTOR COMMENTED THAT BOLIVIA CONSIDER OPENING A DIALOGUE WITH PERU ON THIS

THEME SIMULTANEOUSLY WITH PRESENT BOLIVIA-CHILE DISCUSSIONS.

2. CAPRILES THEN TURNED TO VARIOUS BILATERAL ECONOMIC ISSUES. HE AND DCM ARNAL EXPRESSED BOLIVIA'S CONTINUING INTEREST IN HAVING ANTIMONY, TUNGSTEN AND FERROVANADIUM INCLUDED ON THE LIST OF PRODUCTS TO RECEIVE PREFERENTIAL TREATMENT UNDER THE TRADE ACT OF 1974. COUNTRY DIRECTOR NOTED THAT THE BOLIVIAN REQUEST IS PROBABLY TOO LATE FOR INCLUSION ON THE INITIAL GSP PRODUCT LIST BUT PROMISED TO LOOK INTO THE MATTER. IN THE CONTEXT OF THE TRADE ACT, CAPRILES ALSO NOTED HIS CONTINUING DESIRE TO RESOLVE THE APPLGATE/YOUNGQUIST AND EMBOSA INVESTMENT DISPUTES.

3. CAPRILES ALSO DISCUSSED THE CONTINUING HIGH INTEREST OF BOTH THE GOB AND BOLIVIAN PUBLIC OPINION AT LARGE IN ASCERTAINING ALL THE FACTS IN THE "POLITICAL CONTRIBUTIONS" MADE BY GULF OIL COMPANY. CAPRILES EXPRESSED AS HIS PERSONAL OPINION THE VIEW THAT BOLIVIA SHOULD PROSECUTE GULF OIL IN U.S. COURTS, SEEKING DAMAGES IN COMPENSATION FOR THE HARM DONE TO BOLIVIA ABROAD BY THE GULF ALLEGATIONS. THE COUNTRY DIRECTOR NOTED THE DEPARTMENT'S EFFORTS TO ENCOURAGE GULF OIL TO MAKE A FULL DISCLOSURE OF THE FACTS IN THE CASE. AT THE SAME TIME, HE COMMENDED THE GOB FOR ITS HANDLING OF THE CASE TO DATE.

4. WITH REGARD TO THE PL 480, TITLE I PROGRAM OF ASSISTANCE TO BOLIVIA, CAPRILES PRESENTED DEPTOFFS WITH A DIPLOMATIC NOTE REQUESTING THE RESUMPTION OF WHEAT

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DELIVERIES TO BOLIVIA UNDER THIS PROGRAM. THE COUNTRY DIRECTOR DESCRIBED THE CHANGED CONDITIONS WHICH LIMIT USG FLEXIBILITY IN THE GRANTING OF PL 480, TITLE I AID IN RECENT YEARS, BUT PROMISED TO KEEP THE AMBASSADOR INFORMED OF DEVELOPMENTS. CAPRILES ALSO MENTIONED BOLIVIA'S CONTINUING INTEREST IN ACQUIRING EX-IM BANK FINANCING FOR DEVELOPMENT PROJECTS.

5. AMBASSADOR CAPRILES ALSO REQUESTED UPDATED INFORMATION ON GSA SALES OF TIN AND OTHER STRATEGIC MINERALS, TOGETHER WITH THE STATUS OF A BILL BEFORE CONGRESS TO RENEW GSA'S AUTHORIZATION TO SELL FROM THE STRATEGIC STOCKPILE. THE COUNTRY DIRECTOR PROMISED TO PROVIDE THE AMBASSADOR WITH A REPORT ON RECENT GSA SALES AND ON THE STATUS OF THE LEGISLATION. KISSINGER

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